

*JK Incoming
c/015/0032*

0049

From: Priscilla Burton
To: OGMCOAL
CC: Dean, Dana; Haddock, Daron
Date: 5/14/2008 4:47 PM
Subject: Crandall Canyon Mine 015032 Incoming
Place: OGMCOAL
Attachments: Supplicmental CONDITIONS OF APPROVALGenwall.pdf; 0012.pdf

>>> Thomas W Lloyd <twlloyd@fs.fed.us> Monday, May 12, 2008 4:36 PM >>>
Status of the East Mountain Access is permit is signed by Company---we are working on getting the bonding into place.

Attached are COA we are putting on the SUP there are other conditions directed at weed management.

(See attached file: Supplicmental CONDITIONS OF APPROVALGenwall.pdf)

Tom

| | | |
|---|--|----|
| "Priscilla Burton" < priscillaburton@utah.gov > | "Thomas W Lloyd" < twlloyd@fs.fed.us > | To |
| 04/10/2008 10:25 AM | | cc |
| | Subject | |
| Re: Request | | |

DOGM identified several issues in the Deficiency letter that was copied to Howard Sargent and that is attached to this email. Genwal has requested an extension of time to respond to these deficiencies, due to difficulties in

coordinating bonding with federal and state agencies. We expect Genwal to present the revised reclamation plan along with the bond, in approximately 30 days. Previously, Pam and I discussed requiring that reclamation be completed during the 2008 field season.

>>> Thomas W Lloyd <twlloyd@fs.fed.us> Wednesday, April 09, 2008 4:23 PM
>>>

Do have any Conditions fo approval you are putting into the Genwall Permit?

If So, could you send me over a copy?

Tom Lloyd

Office: 435-636-3596

Cell: 435-749-1658

(See attached file: 0012.pdf)

CONDITIONS OF APPROVAL

Genwal Mine East Mountain Emergency Access Reclamation

Equipment Transport and Use

1. A Road Use Permit must be obtained from the Forest Service before equipment is transported onto National Forest System lands.
2. Vehicles and equipment shall be cleaned of mud, soil, plant materials, and other debris which could contain noxious weed/exotic plant seeds prior to entering National Forest System lands.
3. Equipment and vehicles shall be in operationally safe condition, free from oil and fuel leaks.
4. The Forest Service responsible official must be notified 48 hours in advance that heavy equipment will be moved onto National Forest System lands and that surface disturbing activities will commence.
5. Equipment shall not be transported over National Forest System roads during (1) the opening weekend of the general elk hunt, (2) the opening weekend of the general deer hunt, or (3) during holiday weekends (reference the Road Use Permit for specific conditions).

Fire Prevention and Fire Suppression

1. Fire suppression equipment must be available to all personnel working at the project site. Equipment must include at least one hand tool per crew member (consisting of shovels and pulaskis) and one properly rated fire extinguisher per vehicle and/or internal combustion engine.
2. All gasoline, diesel, and steam-powered equipment must be equipped with effective spark arrestors or mufflers. Spark arresters must meet Forest Service specifications discussed in the "General Purpose and Locomotive (GP/L) Spark Arrester Guide, Volume 1, April, 1988"; and "Multi-position Small Engine (MSE) Spark Arrester Guide, April, 1989". In addition, all electrical equipment must be properly insulated to prevent sparks.
3. The permittee/licensee will be held responsible for damage and suppression costs for fires started as a result of operations. Fires must be reported to the Forest Service as soon as possible.
4. Operations are subject to Forest Service fire restrictions and the Forest Service reserves the right to suspend operations during periods of high fire potential.

Reclamation Operations

1. A pre-work meeting including the responsible company representative(s), contractors, and the Forest Service must be conducted at the project location prior to commencement of operations. Conditions of this permit and site-specific Forest Service requirements, listed below, will be discussed at this time.
 - a. Unauthorized off-road vehicular travel is prohibited.
 - b. The temporary gate and associated wire fence shall be maintained and locked at all times to keep unauthorized motorized traffic off the road.
 - c. Section corners or other survey markers, including claim corners, in the project area must be located and flagged for preservation prior to commencement of surface disturbing activities. The removal, displacement, or disturbance of markers must be approved by the proper authority. Replacement will be done by the proper authority at the expense of the permittee/licensee.
 - d. If cultural or paleontological resources are discovered during operations, all operations which may result in disturbance to the resources shall cease and the Forest Service must be notified of the discovery.
 - e. The permittee/licensee will be held responsible for all damage to fences, cattleguards, resource improvements, roads, and other structures on National Forest System lands which result from their operations. The Forest Service must be notified of damages as soon as possible.
 - f. Operations shall be coordinated with grazing permittees to prevent conflicts. Range permittees must be notified of operations at least one week prior to starting operations.
 - g. Harrassment of wildlife and livestock is prohibited. Wildlife timing restrictions are applicable; raptor buffer areas and elk calving timing restrictions must be adhered.
 - h. An acceptable spill containment/spill removal contingency plan shall be submitted to the Forest Service prior to commencement of operations.
 - i. Trash, garbage, and other refuse shall be properly contained on the project area prior to disposal at authorized sites.
 - j. The operator shall remove all equipment, trash, garbage, flagging, vehicles and other materials from National Forest System lands as part of reclamation. Oil and fuel contaminated materials including contaminated soils and gravel must be removed and transported to approved disposal sites.
2. All surface disturbing activities including reclamation must be supervised by a responsible representative of the permittee/licensee who is aware of the terms and conditions of the project's permits/licenses. The representative must be on site daily during operating hours. A copy of the appropriate permits/licenses must be

available for review at the project site and presented upon demand to any Forest Service official.

3. The Forest Service responsible official must be notified of any proposed alterations to the plan of operations. Any changes to the existing plan are subject to Forest Service review and approval.

Conditions of Acceptance of Reclamation Work

1. The temporary access road shall be recontoured to the approximate original contour. The surface shall be posted, reseeded with a Forest Service approved seed mix, and stabilized with wood straw. The certified weed-free seed mixture must be 99 percent pure live seed containing a maximum of 1 percent weeds, none of which are noxious.
2. A non-motorized foot path approximately 2 feet wide shall be established along the reclaimed access road concurrent with reclamation.
3. Revegetation of disturbed areas shall be considered successful when (1) ground cover is comparable to adjacent areas as determined by vegetation transects; (2) of the vegetative cover, at least ninety percent (90%) of the living plants must be desirable native plants or seeded species; (3) ground cover (vegetation, rock, litter) is at least sixty percent (60%); (4) there are no signs of active erosion; (5) and the area is consistently free of noxious weeds. Adjacent undisturbed areas will be used as a base for comparison. If the desired ground cover is not established at the end of each three year period, the company will be required to do additional treatment and seeding.
4. The permittee shall be responsible for control and removal of noxious weed infestations found to be a result of reclamation. The permittee shall follow the prevention, detection, and control measures as described in the Noxious Weed/Exotic Plant Prevention and Control Plan attached as Appendix C of this permit.
5. Reclamation of the Forest Service road shall be completed by early fall 2008 pending satisfactory reclamation of on-lease disturbances. Upon completion of reclamation, a determination by the Forest Service will be made as to whether or not to leave the gate and fence. If it is determined to leave the gate and fence, the permittee shall be responsible for maintenance for the permit duration.

Stipulation for Lands of the National Forest System Under Jurisdiction of the Department of Agriculture

The licensee/permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the license/permit/lease. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of the Interior, (2) uses of all existing improvements, such as Forest

Development Roads, within and outside the area licensed, permitted or leased by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by a permit/operating plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Forest Supervisor
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah 84501
Telephone No. (435) 636-3500

who is the authorized representative of the Secretary of Agriculture.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

0012

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

February 20, 2008

Dave Shaver, Resident Agent
Genwal Resources, Inc.
P.O. Box 1077
Price, Utah 84501

Subject: East Mountain Emergency Drill Hole Reclamation Plan, Genwal Resources, Inc.,
Crandall Canyon Mine, C/015/0032, Task ID #2893, Outgoing File

Dear Mr. Shaver:

The above-referenced amendment has been reviewed and is being returned with this letter. Also enclosed are the deficiencies associated with the submittal received on December 21, 2007.

Several items presented in your cover letter dated December 21, 2007, must be addressed. In Items #1 and #7, you indicate there is no clear consensus for proceeding with reclamation and you question whether the emergency rescue efforts constitutes SMCRA criteria for surface effects of underground coal mining. The Division considers all surface disturbance associated with the emergency holes drilled for the rescue attempt to be "Coal Mining and Reclamation Operations," as defined by the R645 coal mining rules and as such, the disturbance must be permitted and bonded.

On August 30, 2007, the Division, consulted with the Bureau of Land Management (BLM), the United States Forest Service/ Manti La Sal National Forest (USFS), and the State Institutional Trust Lands Administration (SITLA) and consensus was reached that the Division would be the lead agency to permit the surface disturbance and bond for the reclamation work.

Items # 2, #3, and #4, describe the differences in future land use plans for the East Mountain surface disturbed area, developed by the land managing agencies, USFS and SITLA. This conflict was first explored through the NEPA process in 2004 and will not likely be quickly resolved. To ensure slope stability and erosion control, the Division has determined that the full reclamation of all roads and pads must be bonded for future reclamation. When the two surface land managing agencies resolve this conflict, the road might be re-opened.

Page 2
Dave Shaver
February 20, 2008

In Item #6, you allude to the legal question of a SMCRA bonding requirement for 2,573 ft. of blazed road on USFS land, beyond the existing Forest Road #244 and outside of the Crandall Canyon Mine existing permit area, as shown on Plate 1-1. First, the Division understands that existing USFS roads #145 and #244 that have been utilized to access the newly blazed road will be covered under a USFS Conditional Road Use Permit. As per the attached deficiencies, a copy of that road use permit must be included with your application. The road blazed through USFS managed land outside your lease area is part of the Crandall Canyon Mine disturbance and should be included in the MRP Disturbed Acreage Table in Section 112.

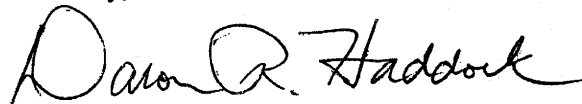
In items #2 and 3, you suggest that the SITLA lease ML-21568 bond and the Crandall Canyon Mine USFS road use permit bond be applied for reclamation bonding on the East Mountain Emergency drill sites and access roads. Subsequent discussions between the USFS and the Division have revealed that this is not possible for USFS lands. The \$150,000 SITLA bond could be applied towards the final bond amount of \$448,000, provided that the SITLA bond is made payable to DOGM. If agreement cannot be reached with SITLA on this issue, then Genwal Resources, Inc. must post a bond for the required \$448,000 amount.

In the conclusion to your letter of December 21, 2007, you request a good faith delay in producing a bond until the summer of 2008. The Division has already allowed that work completed during the fall 2007 would not be itemized in the bond. The Division expects that the remaining reclamation work will be completed during the summer of 2008 by Genwal Resources, Inc. The Division requires that Genwal Resources, Inc. immediately post \$448,000 in accordance with R645-301-820.112.

Please adequately respond to the attached deficiencies by March 20, 2008.

In accordance with, R645-300-211, Genwal Resources, Inc. may request a hearing before the Board concerning any decision outlined in this letter. If you have any questions, please call me at (801) 538-5325 or Priscilla Burton at (435) 613-3733.

Sincerely,



Daron R. Haddock
Permit Supervisor

PWB:an
Enclosures

cc: Price Field Office
Jim Kohler, BLM
Tom Faddies, SITLA
Howard Sargent, USFS
Jim Fulton, OSM

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Deficiencies List

Task ID #2893

PB= Priscilla Burton
DD = Dana Dean
JH = Joe Helfrich
WW = Wayne Western

R645-301-121.100, Update the Disturbed Acreage Table in the MRP, Section 112 to include 7.91 disturbed acres associated with the East Mountain drill holes. [PB]

R645-301-114, Provide the USFS conditional road use permit that includes the access route to East Mountain, including the Cottonwood Canyon road and forest roads #145 and #244, from Tanner Flat. [PB]

R645-301-333, -301-342, -301-358, The application needs to include information about exclusionary periods for wildlife species. The proposed reclamation area is known habitat for Mule Deer, Elk and Goshawks. The applicant should provide information about these species that addresses periods in their life cycles that may need to be avoided during reclamation activities. [JH]

R645-301-412 and R645-301-542.600 and R645-301-121.200, There has been no post mining land-use management plan change requested by this application. The post mining land-use is described in Section 4.12.1 as wildlife and grazing, "solely at the discretion of the USFS." The Permittee has also acknowledged responsibility for reclamation of the full length of the road with the following statement on page 10 of App 5-22A, *"This said, Genwal acknowledges that since the company constructed the road in the rescue attempt, it has the responsibility to reclaim it..."* However, to be perfectly clear that full reclamation of the roads and drill pads is Genwal Resources, Inc.'s intent, the remainder of that sentence must be deleted from the application. In addition the entire paragraph following that statement must be deleted, in which Genwal describes agreements to perform "some additional work next summer" on the 4,959 ft of SITLA road. [PB, WW]

R645-301-542.310, R645-301-542.320 and R645-301-553.110, The Permittee must give the Division certified maps and cross-sections of the reclaimed areas. If possible, the Permittee will include predisturbance maps and cross sections. •The maps must show where the seeps and springs are located and the final constructed drains. •The maps must show the length of all cutslope remnants, if any will remain after final reclamation. At a minimum, the Permittee must include the height, length and approximate angle of each cut slope remnant. •In addition, the Permittee must give a narrative about the stability of each cutslope, which should include a description of how much of the cut slope remnant is in bedrock and how much is in unconsolidated material. •The Permittee will provide cross sections to show the reclaimed areas will be stable. [WW]

R645-301-551, The Permittee must demonstrate that all drill holes have been plugged so that no significant amount of surface water will be lost and that no significant cross-aquifer contamination will occur. [WW, DD]

R645-301-553.130, The Permittee must demonstrate stability by either showing that the reclaimed sites have a static safety factor of 1.3 or showing that due to site conditions, a safety factor of 1.3 would be impossible to obtain. If the Permittee cannot show that the reclaimed slopes will have a static safety factor of 1.3, then the Permittee must describe how the slopes will be constructed to maximize stability. In addition, the Permittee must show that the reclaimed slope angles will not exceed the angle of repose. [WW]

R645-301-751, The Permittee must show that the sediment control measures for the Emergency Drill Hole reclamation comply with all applicable State and Federal water quality laws and regulations and with the effluent limitations set forth in 40 CFR Part 434. [DD]

R645-301-742, The Permittee must provide specific plans and/or calculations to demonstrate that they are using the best technology currently available to prevent, to the extent possible, additional contributions of sediment to stream flow or to runoff outside the permit area; meet the effluent limitations under R645-301-751; and minimize erosion to the extent possible. [DD]

R645-301-830.200, The bond amount associated with this reclamation is \$448,000. As noted in the letter accompanying this deficiency list, the SITLA lease bond in the amount of \$150,000 could be used to decrease the amount of reclamation liability, if it is made payable to DOGM. [WW]